

### Old Age, Disability, Death

---

First law: 1973.

Current law: 1988, as amended 1989, 1994.

Type of program: Social insurance system.

**Exchange rate:** U.S. \$1.00 equals 795 won.

#### Coverage

Korean nationals aged 18-59, residing in Korea, and employed in firms with 5 or more workers. Compulsory coverage scheduled to include farmers, fishermen and rural self-employed aged under 60 beginning July 1, 1995. Voluntary coverage for employees of firms with less than 5 workers, employees aged under 18 in covered employment, and for the self-employed (including farmers and fishermen aged 60-64). Separate systems for public employees, military personnel, and private school teachers.

#### Source of Funds

**Insured person:** 2% of earnings, rising to 3% in 1998. (Effective July 1, 1995: farmers, fishermen and the rural self-employed: 3% of earnings—increased by 3% every 5 years up to 9% of earnings). Voluntarily insured persons, 6% of earnings (rising to 9% in 1998).

**Employer:** 2% of payroll, rising to 3% in 1998.

**Government:** Partial cost of administration and of programs for 1/3 (lower income) farmers and fishermen.

#### Qualifying Conditions

**Old-age pension:** Aged 60, insured 20 or more years.

Reduced if aged 60-64 and still engaged in remunerative activity.

Reduced pension if aged 60 or more and insured for 15-19 years; aged 55-59 and insured for 20 or more years; or aged 45-59 on January 1, 1988 and insured for 5 years after that date.

**Disability pension:** Insured at least 1 year, no longer engaged in remunerative activity, disabled as result of disease or injury occurred during the insured period.

**Survivor pension:** Spouse or child (under age 18 or 2nd degree of disability at any age) or parent (including parent of spouse) of insured person (insured at least 1 year) or of pensioner.

Lump-sum death benefit: dependent survivor not otherwise eligible for survivor benefit or lump-sum refund.

Lump sum refund: Generally payable if insured has less than 15 years coverage and fails to get reinsured within a year after disqualification or reaches age 60, or dies; or insured dies before acquiring 15 years of coverage. Must be requested.

#### Old-Age Benefits

**Old-age pension:** 2.4 times the sum of average monthly earnings of all insured persons in the preceding year and the average monthly earnings of retiree over entire contribution period.

For each insured year in excess of 20, the monthly benefit amount is increased by 5 percent.

Additional annuity for dependents (child, parent or spouse).

Lump sum refund: Employee and employer contributions plus interest.

Adjustment: Benefits adjusted for price changes.

All pensions non-taxable.

### Permanent Disability Benefits

**Disability pension:** Total disability, calculated in the same manner as the old-age pension. For partial disability, benefits reduced by up to 40%.

#### Survivor Benefits

**Survivor pension:** If insured had 20 or more contribution years, 60% of insured's pension; if 10 to 19 contribution years, 50%; if 9 or fewer contribution years, 40%.

Lump-sum refund: Employer and employee contributions plus interest.

Lump-sum death benefit: Equal to the amount of deceased insured person's lump-sum refund. Maximum: 4 time the insured person's covered monthly earnings.

Funeral grant: See medical benefits for dependents under Sickness and Maternity, below.

#### Administrative Organization

National Pension Corporation under supervision of Ministry of Health and Welfare.

### Sickness and Maternity

---

First law: 1963.

Current law: 1994.

Type of program: Social insurance system. Medical benefits only.

#### Coverage

All permanent residents (including non-citizens but residing permanently in Korea), except for government and private school employees and those covered by Medical Aid program.

Separate system for public employees and private school teachers and employees.

#### Source of Funds

**Insured person:** 1.0% to 1.9% of standard monthly wages.

Self-employed, employees of small businesses—firms with 5 or less workers, and temporary workers: amount set by individual carrier, average annual contribution per household in 1993 was 166,333 won.

**Employer:** 1.0% to 1.9% of standard monthly wages.

**Government:** Partial cost of administration, and of programs for self-employed, small business employees and temporary workers. Minimum earnings for contribution purposes: 75,000 won a month. (No minimum for self-employed, small-business employees, and temporary workers.)

No maximum for both programs.

#### Qualifying Conditions

**Medical benefits:** Current coverage. No qualifying period.

#### Workers' Medical Benefits

**Medical benefits:** Services provided by doctors and hospitals under contract or by designated privately owned clinics including medical examinations, drugs, and full cost of nursing and maternity care (first 2 children only).

Patient pays up to 20% of inpatient care and up to 55% of outpatient care provided by the General Hospital, 40% if by regular hospital, and 30% if by a clinic. Maximum: None.

Duration: 180 days a year per insured person (210 days for the aged). (Extension possible in case of tuberculosis, or when insurer's share during the 180 day (210 days if aged) period is less than 650,000 won, 800,000 won for the aged, or 1,500,000 won for the disabled person).

### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Same as for insured.

Dependents include spouse, direct lineal ascendants of employee and spouse, direct lineal descendants and their spouses, and brothers and sisters supported chiefly by the insured person.

Maternity grant: None.

Funeral grant: Lump-sum payment of 300,000 won for an insured person and 200,000 won for any dependent, 300,000 to 200,000 won for a self-employed, small-business employee or temporary worker.

### **Administrative Organization**

Ministry of Health and Welfare, general supervision.

National Federation of Medical Insurance, general guidance and support.

Medical insurance societies (413 in total): administration of program.

### **Workers' Medical Benefits**

**Medical benefits:** Free medical treatment, surgery, hospitalization, medicines, nursing, dental care, appliances, transportation, and rehabilitation.

### **Survivor Benefits**

**Survivor benefit:** Lump sum equal to 1,300 days' average earnings payable to surviving family, plus pension of 47% of annual earnings for 1 person, 52% for two, 57% for three, and 62% for four or more persons.

Funeral grant: 120 days' average earnings.

### **Administrative Organization**

Ministry of Labor Affairs, general supervision.

---

**Contact—Lillian Liu—202-282-7292**

---

## **Work Injury**

First law: 1953 (employer liability law still applies to workers in industry and commerce not under 1963 law; benefit provisions of two laws similar).

Current law: 1963.

Type of program: Compulsory insurance with public carrier.

### **Coverage**

Employees of industrial firms with 5 or more workers.

Separate system for public employees.

### **Source of Funds**

**Insured person:** None.

**Employer:** 0.4% to 35.1% of payroll, according to risk in industry. (Average contribution: 1.5%.)

**Government:** Cost of administration.

### **Qualifying Conditions**

**Work-injury benefits:** No minimum qualifying period.

### **Temporary Disability Benefits**

**Temporary disability benefit:** 70% of average earnings.

Payable after 7-day waiting period for up to 24 months.

### **Permanent Disability Benefits**

**Permanent disability benefit:** Annual pension equal to 138-329 days average earnings, if totally disabled, or lump sum equal to 55-1,474 days' earnings, according to degree of disability.